

**ACCOUNTING EXAMINING BOARD MEETING
MINUTES
AUGUST 15, 2003**

PRESENT: Sharon Hamilton, Jim Johnson, Thomas Kilkenny, Frank Probst, Frederick Franklin

EXCUSED: Roman M. Jungers II

STAFF PRESENT: Patricia Hoeft, Division Administrator; William Dusso, Legal Counsel; Pat Schenck, Program Assistant; Division of Enforcement staff, Darwin Tichenor and Barbara Showers, Exam Center.

GUESTS: LeRoy Schmidt, WICPA; Arland Stone, WAA; Bart Adams, Kolb and Co; and Jerry Lowrie

CALL TO ORDER

Jim Johnson, Chair, called the meeting to order at 9:00 a.m. A quorum of five members was present.

AGENDA

Additions to agenda:

- Move Item 7. a., "Status update on new process for application review - Kate Tucker" after Item 4. d. "Summary Reports, etc."
- Move Item 7. d. "Transitioning Policies for conditioning Darwin Tichenor", after Item 7. a.
- Move Item 4. c. "Proposed 2004 Meeting Dates" to Item E for discussion.

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to approve the agenda as amended. Motion carried unanimously.

MINUTES – MAY 16, 2003

MOTION: Sharon Hamilton moved, seconded by Frank Probst, to approve the minutes of 05/16/03 as written. Motion carried unanimously.

ADMINISTRATIVE REPORT

Accounting Examining Board
August 15, 2003 Minutes

PATRICIA HOEFT, ACTING DIRECTOR, BUREAU OF BUSINESS AND DESIGN

Ms. Hoeft announced that Otis Nickson has resigned as the Bureau Director of Business and Design. Ms. Hoeft introduced Jerry Lowrie as a candidate for the Bureau Director position in Business and Design. Mr. Lowrie gave a brief summary on his background and experience.

BOARD ROSTER

Noted.

2003 MEETING DATES

Next meeting is October 17, 2003.

PROPOSED 2004 MEETING DATES

The Board requested they discuss the 2004 meeting dates under Item 4. e. "Fee Study update" Jim Johnson.

SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND ADMINISTRATIVE RULES AND MONTHLY PRESS RELEASE OF DISCIPLINARY ORDERS

Noted.

FEE STUDY UPDATE-JIM JOHNSON

Mr. Johnson reported on the Board Chairman's meeting conducted on Tuesday, June 24, 2003 with Secretary Donsia Strong Hill. Issues discussed related to the fee study by Grant Thornton, department budget, and possible means of cutting expenses. Two areas that incur large expenditures are board travel, printing and postage costs. Ways to reduce expenses in these areas are being explored.

The Board agreed to eliminate the January meeting to help reduce expenses. If the Board would need to meet in January they could have a telephone conference.

NASBA

Accounting Examining Board
August 15, 2003 Minutes

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY
ANNUAL MEETING, OCT. 26-29, 2003, MAUI, HAWAII**

NASBA will pick up the cost of registration and some other costs for one Board member to attend the National meeting. The Board requested that Ms. Hoeft contact NASBA to see what NASBA would offer for two Board members to attend the National Meeting.

MOTION: Thomas Kilkenny moved, seconded by Sharon Hamilton, that one of three Board members Frederick Franklin, Thomas Kilkenny or Frank Probst represents the Board at the National Association of State Boards of Accountancy Annual Meeting on October 26-29, 2003 in Maui, Hawaii. Motion carried unanimously.

NASBA 2003 REGIONAL MEETING REPORT-FRANK PROBST

Mr. Probst reported on the NASBA 2003 Regional Meeting he attended in June. The Board noted and discussed the summary of opinions gathered at the NASBA Regional meeting.

Mr. Probst will be attending the National meeting on his own initiative.

ADMINISTRATIVE RULES

**IDENTIFY EFFECTIVE DATE FOR CLEARINGHOUSE RULE 02-119
(PEER REVIEW)-WILLIAM DUSSO**

William Dusso distributed the new ACCY 9 rule. In 2005 the Department will review all renewal applications. Firms will be required to meet the requirements or will not be allowed to renew their credential.

PUBLIC HEARING RE: MODERNIZATION ACT

No appearances.

CLEARINGHOUSE RULE 03-071

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, (a) to adopt Clearinghouse Rule 03-071 as presented, as the final draft form of the rule and that the rule shall be submitted to the standing committees of the legislature according to the procedure in Wis. Stat. ss 227.19; and (b) if no meeting or hearing is requested by a legislative committee then the

rule shall be filed as provided in Wis. State. ss 227.20 without further action by the Board; and (c) if meeting or hearing is requested by a legislative committee under Wis. Stat. ss 227.19, then the matter shall be returned to the Board for further review. Motion carried unanimously.

STATUS OF CLEARINGHOUSE RULE 02-120 RELATING TO A REQUIREMENT FOR INDEPENDENCE BY CERTIFIED PUBLIC ACCOUNTANTS

William Dusso reported that Rule 02-120 is currently in the review process at the legislature.

FINAL APPROVAL OF CLEARINGHOUSE RULE 02-149 RELATING TO A NEW COMPUTER-BASED EXAMINATION

MOTION: Sharon Hamilton moved, seconded by Frank Probst, to adopt Clearinghouse Rule 02-149 as presented, as the final draft form of the rule and that the rule shall be submitted to the standing committees of the legislature according to the procedure in Wis. Stat. ss 227.19; and (b) if no meeting or hearing is requested by a legislative committee then the rule shall be filed as provided in Wis. State. ss 227.20 without further action by the Board; and (c) if meeting or hearing is requested by a legislative committee under Wis. Stat. ss 227.19, then the matter shall be returned to the Board for further review. Motion carried unanimously.

EXAMINATION/APPLICATION ISSUES STATUS UPDATE ON NEW PROCESS FOR APPLICATION REVIEW KATE TUCKER

Kate Tucker met with the Board to discuss the new process for reviewing applications. Ms. Tucker uses three lists for reviewing applications:

1. intent to deny,
2. recommendations to approve, and
3. pending receipt of employer verification, other state verification of licensure, and/or exam scores.

Ms. Tucker contacts the Board member assigned to review the applications prior to the Board meeting. The review process is going very well.

Questionable applications will be brought before the full Board for review.

STATUS UPDATE ON NEED FOR WISCONSIN ETHICS EXAM-FRANK PROBST

Mr. Probst reported on the ethics exam issue from the National Association of State Boards of Accountancy (NASBA) 2003 regional meeting he attended in June. Some states are pushing for the inclusion of ethical issues in the uniform Certified Public Accountant (CPA) examination.

There was a lot of support from NASBA and other states to require an ethics course as part of the CPE requirement for licensed accountants and having a requirement of four hours for every renewal period. American Institute of Certified Public Accountants (AICPA) and NASBA talked about the development of CPE courses focused on ethical issues. NASBA could act as the clearing house for proposed continuing education courses and would be able to administer these courses. CPE has a great deal of support from all individuals licensed as CPA's by a jurisdiction. Several other states offered to share their ethic examinations with Wisconsin.

Darwin Tichenor requested direction from the Board regarding the ethics examination and CPE process. Mr. Tichenor will revise the current ethics exam to reflect the current rules. The Ethics Examination committee including Board members Jim Johnson, Sharon Hamilton, and Frederick Franklin will meet in December with Mr. Tichenor to look at the content, distribution and the specific topics and questions that are covered in the ethics examination

DISCUSS "SUBSTANTIALLY RELATED TO ACCOUNTING" AND UAA SECTION 23-WILLIAM DUSSO AND THOMAS KILKENNY

Tom Kilkenny, and William Dusso discussed "substantially related to accounting" and UAA Section 23. Mr. Kilkenny reported that Wisconsin wasn't on the list of states that adopted Section 23 regarding CPA's from other states coming to Wisconsin temporarily without having to go through the licensing process. A Wisconsin CPA cannot practice in another state without applying for a license in that state because Wisconsin does not reciprocate to other state licensees.

UAA Section 23 indicates that if the state's requirements meet the UAA standards, then a CPA may practice in that state temporarily without getting a license.

Frank Probst will contact NASBA to discuss adding Wisconsin to the list of states that adopted Section 23.

TRANSITIONING POLICIES FOR CONDITIONING BARB SHOWERS/DARWIN TICHENOR

Barb Showers and Darwin Tichenor met with the Board to discuss the request from the National Association of State Boards of Accountancy (NASBA) that transitioning policies from

the paper-based CPA Examination to the computer-based format be consistent among all the boards.

After November 2003 Wisconsin will accept candidates where they are and give them 18 months to complete their conditioning without putting any other restrictions on their conditioning.

The transition period to pass the remaining parts starts with the first month that CBT is offered, assume April 2004, and extends for 18 months, or 6 testing windows. If they don't complete the four parts by September 2005, they lose conditional credit for paper based parts passed, but retain 18 months of credit for any parts passed under CBT.

A question was raised regarding candidates who apply for a license in Wisconsin. Do they fall under Wisconsin's rules or do we accept them by reciprocity regardless of whether or not another board's rules may have differed?

The Board requested that Barb Showers put together rules, regulations and examples to help clarify the transitioning rules to be posted on the web-site, distributed to members and handed out to students.

MOTION: Thomas Kilkenny moved, seconded by Sharon Hamilton, that the Board adopt a policy to accept examination results (for transfer or reciprocal licensing purposes) for any transition candidates who have followed the rules of the state board from where they took their examination, to accept those transition rules regardless of whether that other boards rules may differ from Wisconsin's transition rules. Motion carried unanimously.

MOTION: Thomas Kilkenny moved, seconded by Sharon Hamilton, that the Board adopt a policy for candidates applying to take the examination in Wisconsin who have already passed some portions of the exam in another jurisdiction need to follow Wisconsin's transition rules for examination completion. Motion carried unanimously.

CPA AUSTRALIA AND IQEX RE: JUNE 24, 2003 CORRESPONDENCE-DARWIN TICHENOR

Darwin Tichenor met with the Board with a request from Certified Public Accounting (CPA) Australia that Wisconsin consider being added to the list on the NASBA website as a jurisdiction that will consider applications for certification or licensure from CPA Australia who have passed the IQEX (International Qualifications Examination).

The Board is concerned that the IQEX may not be equivalent to Wisconsin's AICPA examination. The American Institute of Certified Public Accountants (AICPA) is currently

evaluating the IQEX examination for equivalency. The Board would like to wait until results are received from AICPA's evaluation prior to making a decision.

Darwin Tichenor will bring this issue back to the Board after receiving results from AICPA's evaluation of the IQEX examination.

PRACTICE ISSUES

CPA FIRM OWNERSHIP QUESTION RE: BART ADAMS CORRESPONDENCE-WILLIAM DUSSO

Bart Adams met with the Board in regards to a proposed re-structuring plan for Kolb & Co. CPA Firm to see if it complies with the states rules. Kolb & Co had requested an advisory letter from the Board.

The Board requested that Bill Dusso attend the October 17, 2003 Board meeting with his recommendations regarding the re-structuring plan of Kolb & Co.

BOARD MEMBER ACTIVITY

None.

PRESENTATION OF PROPOSED STIPULATIONS BY PROSECUTOR OR ANY THAT MAY BE SUBMITTED AFTER PRINTING OF AGENDA DIVISION OF ENFORCEMENT

None.

CLOSED SESSION

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Sharon Hamilton- yes, Jim Johnson - yes, Thomas Kilkenny - yes, Frank Probst - yes, Frederick Franklin - yes.

Open session recessed at 11:55 a.m.

RECONVENE TO OPEN SESSION

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to reconvene into open session at 12:10 p.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to approve the thirty-four candidates that the Board approved today based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.

MOTION: Sharon Hamilton moved, seconded by Frank Probst, to issue an intent to deny licensure to Paul Christianson. Motion carried unanimously.

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to approve four candidates contingent on receipt of ethics passing score or other state verification of licensure. Motion carried unanimously.

APPLICATIONS REVIEWED ON AUGUST 15, 2003

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

Approved – 34

Aumann, Glenn W
Azad, Sanjay
Barsch, Michael S
Bernsdorf, Karla F
Bosze, Frances E
Buss, Jason (Jake) T
Carlisle, David J
Carroll, Michelle M
Cummings, Debra M
Cummings, Michael A
Fischer, Daniel H
George, Roxanne L

Grimm, Jessica A
Hanesworth, Lisa A
Koenigs, Bradley J
Kritner, Richard A
Lethlean, Brian R
Ley, John B
Mc Loughlin, Michael J
Miller, Irene A
Miller-Heyer, De Ann M
Mogensen, Gary S
Montague, Kathleen A
Olsen, Patricia M
Raasch, Steven R
Rice, Todd M
Roberts, Dawn A
Schmidt, Jodi L
Scoville, Kimberly M
Spoonner, Ann K
Valovic, Martha
Weinheimer, Paul C
Wolf, Ted S
Zhao, Zhao

Intent to Deny- 1

Christensen, Paul G

Approved Contingent on Receipt of Ethics Passing Score or Other State Verification of Licensure – 4

1. Boschek, David J
2. Casey, Ryan J
3. Dunker, Jenna M
4. Hermanson, Michael L

ADJOURNMENT

MOTION: Sharon Hamilton moved, seconded by Thomas Kilkenny, to adjourn the meeting at 12:20 p.m. Motion carried unanimously.

NEXT MEETING: OCTOBER, 17, 2003

Accounting Examining Board
August 15, 2003 Minutes